

TRI-TOWNSHIP FIRE DISTRICT  
SAGINAW COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Tri-Township Fire District		County Saginaw	
Fiscal Year End December 31, 2006		Opinion Date February 24, 2007		Date Audit Report Submitted to State March 22, 2007			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES ☒ NO ☐

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC			Telephone Number (231) 946-8930	
Street Address 1107 E. Eighth Street			City Traverse City	State MI
			Zip 49686	
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA		License Number 11050

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## **FINANCIAL SECTION**

### INDEPENDENT AUDITORS' REPORT

Members of the Fire District Board  
Tri-Township Fire District  
Saginaw County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Tri-Township Fire District, Saginaw County, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tri-Township Fire District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note I, the financial statements present only the Tri-Township Fire District Fund (a special revenue fund) and is not intended to present fairly the financial position and results of operations of any of the participating municipality's, in conformity with accounting principles generally accepted in the United States of America.

Tri-Township Fire District  
Independent Auditors' Report  
Page Two

In my opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tri-Township Fire District, Saginaw County, Michigan, as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Tri-Township Fire District has not presented a management and discussion and analysis that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

*Barry E. Sandlett, M.P.*

February 24, 2007

## **BASIC FINANCIAL STATEMENTS**

Tri-Township Fire District  
Statement of Net Assets  
December 31, 2006

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 71,345
Investments	28,572
Capital assets (net of accumulated depreciation):	
Land	216,436
Buildings	140,118
Major equipment	129,953
Minor equipment	<u>48,312</u>
Total Assets	<u>634,736</u>
 <b>NET ASSETS</b>	
Unrestricted	<u>634,736</u>
Total net assets	<u>\$ 634,736</u>

See notes to financial statements



Tri-Township Fire District  
Government-Wide  
Statement of Activities  
For The Year Ended December 31, 2006

Programs	Program Revenues			
	<u>Expenses</u>	<u>Fees, Charges for Services</u>	<u>Operating Grants and Contrib.'s</u>	<u>Capital Grants and Contrib.'s</u>
Governmental activities:				
Public safety	\$156,437	\$ 8,446	\$ 260,553	\$
Other:				
Depreciation	55,479			
Interest on long-term debt	<u>6,809</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental activities	<u>\$218,725</u>	<u>\$ 8,446</u>	<u>\$ 260,553</u>	<u>\$</u>

General revenues:

Interest earnings

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

**Net (Expenses)  
Revenues and  
Changes in  
Net Assets**

\$ 112,562

( 55,479)

( 6,809)

50,274

1,773

1,773

52,047

582,689

\$ 634,736

Tri-Township Fire District  
Balance Sheet  
Governmental Funds  
December 31, 2006

	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 71,345	\$	\$ 71,345
Investments	<u>28,572</u>	<u></u>	<u>28,572</u>
Total Assets	<u>\$ 99,917</u>	<u>\$</u>	<u>\$ 99,917</u>
<b>FUND BALANCES</b>			
Fund balances:			
Unreserved	<u>\$ 99,917</u>	<u>\$</u>	<u>\$ 99,917</u>
Total fund balances	<u>\$ 99,917</u>	<u>\$</u>	<u>\$ 99,917</u>

See notes to financial statements

**Tri-Township Fire District  
Reconciliation of the Governmental Funds  
Balance Sheet  
With the Statement of Net Assets  
December 31, 2006**

Amounts reported for governmental activities in the  
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 99,917
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Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported as assets in governmental funds:

Cost of capital assets	1,234,275
Accumulated depreciation	<u>( 699,456)</u>
Total Net Assets - Governmental Activities	<u>\$ 634,736</u>

See notes to financial statements

**Tri-Township Fire District**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance**  
**Governmental Funds**  
**For The Year Ended December 31, 2006**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Township contributions	\$ 260,553	\$	\$ 260,553
Interest earnings	1,773		1,773
Other & reimbursements	<u>8,446</u>		<u>8,446</u>
Total revenues	<u>270,772</u>		<u>270,772</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Wages and payroll taxes	67,035		67,035
Insurance	26,329		26,329
Equipment repairs	10,903		10,903
Utilities	10,094		10,094
Truck-gas & oil	6,321		6,321
Radio supplies	6,159		6,159
Truck maintenance	5,056		5,056
Telephone	4,766		4,766
Building maintenance	4,185		4,185
Professional fees	4,038		4,038
Training	3,089		3,089
Fire prevention	2,542		2,542
Station supplies	2,440		2,440
Office supplies	1,810		1,810
Dues/memorials	1,440		1,440
Medical	230		230
Debt service:			
Principal		78,558	78,558
Interest		6,809	6,809
Capital outlay	<u>186,016</u>		<u>186,016</u>
Total expenditures	<u>342,453</u>	<u>85,367</u>	<u>427,820</u>
Excess(deficiency) of revenues over(under) expenditures	( 71,681)	(85,367)	( 157,048)

Tri-Township Fire District  
Statement of Revenues, Expenditures and Changes  
In Fund Balance  
Governmental Funds  
For The Year Ended December 31, 2006  
(Continued)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Excess(deficiency) of revenues over (under) expenditures	( 71,681)	(85,367)	( 157,048)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in(out)	<u>( 85,367)</u>	<u>85,367</u>	<u>          </u>
Net changes in fund balances	(157,048)		( 157,048)
Fund balances-beginning	<u>256,965</u>	<u>          </u>	<u>256,965</u>
Fund balances-ending	<u>\$ 99,917</u>	<u>\$           </u>	<u>\$ 99,917</u>

See notes to financial statements

**Tri-Township Fire District**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Total net change in fund balances - governmental funds	\$( 157,048)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The amount by which capital outlays exceeded depreciation in the period.

Capital outlays	\$ 186,016	
Depreciation expense	<u>( 55,479)</u>	130,537

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

78,558

Change in net assets of governmental activities	<u>\$ 52,047</u>
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See notes to financial statements

Tri-Township Fire District  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
-Budget and Actual  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Township contributions	\$284,525	\$284,525	\$260,553	\$ ( 23,972)
Interest earnings	300	300	1,773	1,473
Other & reimbursements	<u>5,207</u>	<u>5,207</u>	<u>8,446</u>	<u>3,239</u>
Total revenues	<u>290,032</u>	<u>290,032</u>	<u>270,772</u>	<u>( 19,260)</u>
<b>EXPENDITURES</b>				
Public safety:				
Wages & payroll taxes	75,655	75,655	67,035	
Insurance	31,207	31,207	26,329	
Equipment repairs	10,000	10,000	10,903	
Utilities	12,000	12,000	10,094	
Truck - gas & oil	7,000	7,000	6,321	
Radio supplies	6,000	6,000	6,159	
Truck maintenance	16,000	16,000	5,056	
Telephone	5,100	5,100	4,766	
Building maintenance	8,000	8,000	4,185	
Professional fees	4,500	4,500	4,038	
Training	4,900	4,900	3,089	
Fire prevention	4,000	4,000	2,542	
Station supplies	4,500	4,500	2,440	
Office supplies	4,000	4,000	1,810	
Dues/memorials	3,948	3,948	1,440	
Medical	2,500	2,500	230	
Debt service	85,367	85,367	85,367	
Capital outlay	<u>167,676</u>	<u>167,676</u>	<u>186,016</u>	
Total expenditures	<u>452,353</u>	<u>452,353</u>	<u>427,820</u>	<u>24,533</u>
Net change in fund balances	(162,321)	(162,321)	(157,048)	5,273
Fund balances-beg.	<u>109,762</u>	<u>109,762</u>	<u>256,965</u>	<u>147,203</u>
Fund balances-ending	<u>\$(52,559)</u>	<u>\$(52,559)</u>	<u>\$ 99,917</u>	<u>\$ 152,476</u>

See notes to financial statements



**Tri-Township Fire District**  
**Notes to Financial Statements**  
**December 31, 2006**

**I. Summary of significant accounting policies**

The financial statements of the Tri-Township Fire District (the Fire District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described below.

**A. Reporting entity**

The Townships of Swan Creek, St. Charles and Brant comprise the volunteer fire department of the Tri-Township Fire District. By-laws have been adopted and bound by a resolution signed by each municipality effective February 3, 1986. It was established for the purpose of furnishing fire protection throughout these three Townships. Fremont Township is provided fire protection, also, and is assessed for a contribution.

The Fire District's administrative board consists of seven members who are appointed by the Townships. Two members are appointed from each Township for a six year term and the seventh member is a floater for two years with each of the three Townships taking turns.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Fire District. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions

**B. Government-wide and fund financial statements (continued)**

that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Fire District has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns in the financial statements.

**C. Measurement focus, basis of accounting and basis of presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Fire District and are recognized as revenue at that time.

The Fire District reports the following major governmental funds:

The *special revenue fund* is the Fire District's primary operating fund. It accounts for all financial resources of the Fire District.

The *debt service fund* accounts for the payments of long-term debt.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

#### **D. Assets, liabilities and net assets**

##### **1. Deposits and investments**

The Fire District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Fire District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which maturity not more than 270 days after the date of purchase. The Fire District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Fire District Board has designated one bank for the deposit of Fire District funds.

## **2. Capital assets**

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Fire District as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Fire District is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Office equipment	5 years
Fire trucks, pumpers, trailers	10 years
Vehicle	5 years
Minor equipment	5 years

## **3. Compensated absences**

The Fire District does not have a compensated absence policy.

## **4. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **5. Fund balance**

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally

identified for specific purposes or indicates that a component of assets does not constitute "available spending resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

#### **6. Use of estimates**

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## **II. Stewardship, compliance and accountability**

### **A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Fire District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Management submits to the Fire District Board a proposed budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally adopted by the Fire District Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.

4. Management is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Fire District Board.
5. Formal budgetary integration is employed as a management control device during the year for the special revenue fund.
6. The budget as presented, has not been amended.

**B. Excess of expenditures over appropriations**

During the year ended December 31, 2006, the Fire District has not incurred expenditures in the public safety activity which were in excess of amounts appropriated.

**III. Detailed notes on all funds**

**A. Deposits and investments**

At year-end, the carrying amount of the Fire District's deposits and investments were \$99,917 and the bank balance was \$106,096, of which \$106,096 was covered by federal depository insurance.

**B. Capital assets**

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>			
Capital assets, not being depreciated	<u>\$ 50,000</u>	<u>\$ 166,436</u>	<u>\$ 216,436</u>
Capital assets being depreciated:			
Buildings	294,987		294,987
Office equipment	1,746		1,746
Fire trucks, pumpers trailers	535,772		535,772
Vehicles	49,765		49,765
Minor equipment	<u>115,989</u>	<u>19,580</u>	<u>135,569</u>
Total capital assets being depreciated	<u>998,259</u>	<u>19,580</u>	<u>1,017,839</u>

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
Less accumulated depreciation for:			
Buildings	( 147,494)	( 7,375)	( 154,869)
Office equipment	( 1,746)		( 1,746)
Fire trucks, pumpers, trailers	( 372,004)	( 33,815)	( 405,819)
Vehicles	( 49,765)		( 49,765)
Minor equipment	<u>( 72,968)</u>	<u>( 14,289)</u>	<u>( 87,257)</u>
Total accumulated depreciation	<u>( 643,977)</u>	<u>( 55,479)</u>	<u>( 699,456)</u>
Total capital assets, being depreciated, net	<u>354,282</u>	<u>( 35,899)</u>	<u>318,383</u>
Governmental activities capital assets-net of depreciation	<u>\$ 404,282</u>	<u>\$ 130,537</u>	<u>\$ 534,819</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
Public safety	<u>\$ 55,479</u>
Total depreciation expense-governmental activities	<u>\$ 55,479</u>

### C. Interfund transfers

Interfund transfers:

	<u>Transfer In:</u>		
Transfer out:	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Special revenue fund	<u>\$ _____</u>	<u>\$ 85,367</u>	<u>\$ 85,367</u>
Total transfers out	<u>\$ _____</u>	<u>\$ 85,367</u>	<u>\$ 85,367</u>

#### D. Long-term debt

##### Note Payable

The Fire District borrowed \$179,585 for a 1998 Laverne Pumper from Community State Bank on December 14, 1999 at an interest rate of 5.50 percent per annum with payments of \$23,200 annually on June 1st until maturity at June 1, 2009.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	5.50%	\$ <u>-</u>

The note was paid off during the fiscal year ended December 31, 2006, therefore it was not necessary to report annual debt service requirements to maturity.

##### Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>				
Notes payable	\$ <u>78,558</u>	\$ <u>( 78,558)</u>	\$ <u>-</u>	\$ <u>-</u>

#### IV. Other information

##### A. Risk management

The Fire District is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Fire District has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

##### B. Pension Plan

The Fire District does not provide a pension plan for its employees.



**COMMENTS AND RECOMMENDATIONS**

Members of the Fire District Board  
Tri-Township Fire District  
Saginaw County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

It was not necessary to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, the Fire District Board, and the Michigan Department of Treasury and should not be used for any other purpose.

*Barry E. Gaudette, CPA, P.C.*

February 24, 2007